

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
August 11, 2021

26 Point 2 LP, located at 3590 East Pacific Coast Highway in Long Beach, requested and is being recommended for a reservation of \$1,369,853 in annual federal tax credits and \$8,529,111 in total state to finance the new construction of 76 units of housing servingspecial needs with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Excelerate Housing Group LLC and will be located in Senate District 33 and Assembly District 70.

Project Number CA-21-649

Project Name 26 Point 2
 Site Address: 3590 East Pacific Coast Highway
 Long Beach, CA 90804 County: Los Angeles
 Census Tract: 5751.03

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,369,853	\$8,529,111
Recommended:	\$1,369,853	\$8,529,111

Applicant Information

Applicant: 26 Point 2 LP
 Contact: Dana Trujillo
 Address: 3910 Cover Street
 Long Beach, CA 90808
 Phone: 562-268-2700
 Email: dana@ehghousing.com

General Partner(s) or Principal Owner(s): 26 Point 2 GP LLC
 Harbor Interfaith Services, Inc.
 General Partner Type: Joint Venture
 Parent Company(ies): Excelerate Housing Group LLC
 Harbor Interfaith Services, Inc.
 Developer: Excelerate Housing Group LLC
 Bond Issuer: California Municipal Finance Authority
 Investor/Consultant: National Equity Fund, Inc.
 Management Agent: Levine Management Group, Inc.

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 77
 No. / % of Low Income Units: 76 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt

Information

Housing Type: Special Needs
 Geographic Area: Balance of Los Angeles County
 TCAC Project Analyst: Nick White

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 38	50%
40% AMI: 13	17%
50% AMI: 13	17%
60% AMI: 12	16%

Unit Mix

76 SRO/Studio Units
1 2-Bedroom Units
77 Total Units

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
38 SRO/Studio	30%	\$621
13 SRO/Studio	40%	\$828
13 SRO/Studio	50%	\$1,035
12 SRO/Studio	60%	\$1,242
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$3,094,182
Construction Costs	\$23,725,378
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,192,019
Soft Cost Contingency	\$300,000
Relocation	\$403,300
Architectural/Engineering	\$1,793,500
Const. Interest, Perm. Financing	\$2,494,380
Legal Fees	\$310,000
Reserves	\$540,065
Other Costs	\$2,189,084
Developer Fee	\$3,480,000
Commercial Costs	\$0
Total	\$39,521,908

Residential

Construction Cost Per Square Foot:	\$654
Per Unit Cost:	\$513,272
True Cash Per Unit Cost*:	\$500,544

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
US Bank- Construction Loan	\$20,690,344	Lument -Permanent Loan	\$10,707,000
US Bank - Construction Loan	\$4,012,246	LA County Dev. Agency	\$5,000,000
Century Housing Construction Loan	\$4,925,000	LB Community Investment Co.	\$3,000,000
LB Community Investment Co.	\$3,000,000	Deferred Developer Fee	\$980,000
Deferred costs and developer fee	\$2,971,336	Tax Credit Equity	\$19,834,908
Tax Credit Equity	\$3,977,982	TOTAL	\$39,521,908

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$34,246,325
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$34,246,325
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$1,369,853
Total State Credit:	\$8,529,111
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,480,000
Investor/Consultant:	National Equity Fund, Inc.
Federal Tax Credit Factor:	\$0.94991
State Tax Credit Factor:	\$0.79992

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Significant Information / Additional Conditions:

The proposed rents do not include any utility allowance. The owner will pay for all utilities.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.